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condominium
owners

Timely ideas, insight, inspiration
and information of particular
interest to condominium owners

Condo Living

Why Should You Attend Your Annual General Meeting?

Because You Should Be the Change you Wish to See in Your Condo



Being a condo owner means that every year you will receive a package, likely in the mail, notifying you of your condominium corporation's upcoming annual general meeting (AGM). This package will emphasize the importance of AGM attendance, but will also tell you that if you cannot attend in person, then you can submit a proxy so that your unit is represented. Unfortunately, many condo owners do not attend their AGMs, and many will not even submit a proxy.

The purpose of this article is to explain AGM basics, and attempt to convince you that attending the AGM is of the utmost importance and that every smart condo owner should attend this once-a-year event.

What is an AGM?

An AGM is a yearly meeting of the owners of a condominium corporation where owners are given an opportunity to discuss the affairs of the corporation and vote on several items. Subsections 45(2) and (3) of the Condominium Act, 1998

(the "Act") set out that an AGM should be held not more than three months after the registration of the corporation and, subsequently, within six months of the end of each fiscal year of the corporation. The purpose of the AGM is, in part, for owners to:

- approve and/or amend the minutes of the previous AGM;
- elect directors;
- approve and/or reject proposed amendments to the declaration, by-laws, rules, and/or agreements;
- review the audited financial statements
- appoint the auditor for the following fiscal year; and
- discuss the affairs and business of the corporation

Why should you attend your AGM?

Reason # 1 – To meet quorum and allow the corporation to transact business

Under section 50 of the Act, a certain minimum number of owners who are entitled

to vote must be represented at a meeting of owners, whether in person or by proxy. This minimum number of owners represented is what is referred to as a quorum. The Act currently states that the quorum for business to be transacted at a meeting of owners, including an AGM, is at least 25% of the owners in a condominium corporation.

Regrettably, owner-apathy is quite pervasive in condos and even a low percentage such as 25% of owners can prove difficult to obtain. Keep in mind that it is not required that 25% of owners physically attend the AGM, but that they be represented. Meaning that an owner can simply fill out a proxy and deliver it to property management to count towards the quorum, but even this simple step which aids the corporation to properly function is often ignored.

In light of prevalent voter apathy, with the amendments to the Act set out in the Protecting Condominium Owners Act, 2015 ("PCOA") and Regulation 48/01,



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On Thursday, October 12th, CCI Toronto presented its first Facebook Live event in the lobby of Landmark III, the Condo of the Year. Marc Bhalla led a discussion between a lawyer, property manager and condominium directors about AGMs – Fans and Hecklers. The video recording of this presentation has proven to be very popular, with over 1000 views, and we are pleased to now release a podcast edition of this presentation.

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the Government of Ontario has introduced reduced quorum requirements for AGMs. In this new legislative scheme, corporations will have two opportunities to meet the 25% quorum threshold, failing which, the threshold lowers to 15% on the third and any subsequent attempts to call the meeting.

By attending the AGM in person or by proxy, you are doing your part to make sure the corporation can continue to function properly.

Reason # 2 - Your votes are important

As mentioned above, the AGM is the opportunity for owners to vote for several important matters that will affect the corporation, including: the appointment of the auditor, the election of directors, and the approval and/or rejection of amendments to the declaration, by-laws, rules, and or agreements. Additionally, during the AGM there will be a number of procedural votes – which proxies do not address – that permit certain agenda items to be completed, such as the approval and/or amending of the minutes.

Condo communities are relatively small democratic bodies, so every vote on these important topics carries weight.

Reason # 3 – You can ask crucial questions you may not be able to ask otherwise

Attending the AGM will not only allow you to exercise your vote, but it will allow you to ask questions to make the most informed decisions regarding your condominium. One of the most valuable aspects of an AGM is the ability to hear your auditor's presentation of the financial statements and to ask him or her questions. Your auditor is a professional chartered accountant whose role is to review the corporation's financial statements to ensure that the accounting for the corporation is done in accordance with generally accepted accounting principles. The AGM is your opportunity to ask the auditor about his or her practices, opinions on the financial statements, and whether the corporation is in compliance with the Act. Since the auditor reports to the owners, and not the board of directors or property management, the auditor is appointed by the owners. Typically, prox-



The AGM is the best forum to have the board of directors, property management, and the other owners listen to your concerns and have meaningful discussions about them

ies do not include an option to vote for the auditor making the importance of attending the AGM greater.

Furthermore, attending the AGM allows owners to properly vet the candidates for director positions on the board of directors. You may have recently read any of the numerous articles in major Canadian publications regarding the rising rate of individuals who have been elected to boards of directors, including some individuals having no affiliation with the condominium corporation of which they are running for. Another disconcerting trend is for candidate directors being found to have conflicts of interest as a result of relationships with developers. There has also been a rise in transient tenancy operators running for and attempting to control boards where they have tenancy interests in the hopes of curbing potential restrictions to short-term tenancy offerings. If owners attend their AGM, they can ask questions of candidates to figure out whether those individuals are running to contribute to the condominium community or whether they are running to further their own special interests.

Fortunately, with PCOA, the Government of Ontario has attempted to address election issues by introducing provisions requiring mandatory disclosures of director candidates. However, without owners attending AGMs in person and exercising their vote, unscrupulous individuals may still fall through the cracks and get elected to the board. One of the easiest, and most common ways, for such candidates to fall through the cracks is by way of proxy fraud. There have been many reported incidents of proxy fraud which have resulted in major headaches for corporations, including expensive litigation. If owners attend the AGM in person, the

risk of proxy fraud is lessened greatly. If an individual attempts to use a fraudulent proxy representing your unit while you are in attendance, it should be fairly easy for property management to make such a discovery and bring these issues to light.

Reason # 4 – Make your voice heard

Under the Act, owners are only expected to meet once a year – at the AGM – to discuss the affairs of the corporation. Therefore, the AGM is the best forum to have the board of directors, property management, and the other owners listen to your concerns and have meaningful discussions about them. In turn, it allows you to listen to the other owners regarding their concerns and offer your input on their comments. At the end of the day, condominiums are self-governing entities which require community discussion and participation from all the stakeholders to best represent everyone's interests.

If you are a clever reader who is well-versed in condominiums, you might ask: don't we have minutes to tell us what happens at the AGM? Great question, but the reality is that even though AGMs are supposed to be minuted, and often professional minute-takers are retained for these services, the minutes cannot cover the full scope of the discussions which take place during a meeting. Minutes are intended to provide more of a summary of the discussions and events at a meeting; minutes are not the same as transcripts which are verbatim reports of what is said at a meeting. Moreover, the minutes from AGM are not typically sent to the owners until they are included in the following year's AGM package. As such, owners relying solely on the minutes may not become aware of issues or discussions until a year after discussions and/or decisions took place.

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Reason # 5 – AGMs are once a year!

Your AGMs are once a year! We cannot repeat this enough. In all likelihood, your condominium is one of the investments you make in your life, and you are being given a once-a-year opportunity to get caught up with the goings-on of that investment. When you think about all the time and money that's been invested into your condominium, why wouldn't you take an evening of your time to ensure that you are up-to-date with what is happening in your corporation and lend your voice to discussions which directly impact you?

Condominium corporations are statutorily obligated by the Act to provide owners with at least fifteen (15) days of notice before the day of the AGM, and with the PCOA amendments, there will now be a preliminary notice sent twenty (20) days before the mailing of the notice for the AGM. As such, most people should be able to arrange their calendars to accommodate an AGM. And for those of you inconvenienced by the AGM and who would rather watch the hockey game or that wild-card baseball game after a long day of work, just remind yourself that it is only part of one evening that you are giving up. In the grand scheme of things, the well-being of your investment is likely to be more important to you than the one-night performance of that all-star rookie that everyone can't stop talking about (you know exactly who I'm talking about).

Conclusion

Gandhi has often been misquoted as saying that you should "be the change you wish to see in the world". This would-be Gandhi quotation can nonetheless be adapted to the condo context: you should "be the change you wish to see in your condo". Attend your AGM for the reasons above and for many more! Ultimately, your condominium is your home, an investment, or both and your involvement is pivotal for the success of your community. No one is suggesting you have to be actively involved in the community or even run for a board position, but at the bare minimum, attending your AGM should be a priority to stay informed and to exercise your voting rights.



By attending the AGM in person or by proxy, you are doing your part to make sure the corporation can continue to function properly

Watch Brian Horlick discuss the importance of attending the AGM on CCI's Condo Connection video series.

The video may be watched at www.yourcondoconnection.tv
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